

**IN THE UNITED STATES DISTRICT COURT FOR
THE NORTHERN DISTRICT OF WEST VIRGINIA**

KEITH REED, ELIZABETH SCHENKEL,
EMILY WINES, MARK GARAN, and AUGUST
ULLUM, individually and on behalf of others
similarly situated,

Plaintiffs,

v.

ALECTO HEALTHCARE SERVICES LLC, and
ALECTO HEALTHCARE SERVICES
WHEELING, LLC d/b/a OHIO VALLEY
MEDICAL GROUP and d/b/a OVMC
PHYSICIANS,

Defendants.

Case No. 5:19-cv-00263

Judge John Preston Bailey

CLASS ACTION

DEFENDANTS' STATUS REPORT

NOW COME the undersigned counsel for Alecto Healthcare Services LLC (“Alecto”), one of the above-captioned defendants, pursuant to the Court’s request, and submit the following status report (the “Status Report”):

1. On November 28, 2022, this court entered judgment in favor of the Plaintiffs Class (the “Judgment Order”). [Docket No. 230].
2. The above-captioned plaintiffs (collectively, the “Reed Judgment Creditors”) and Defendants engaged in discussions regarding satisfaction of the Judgment Order. The Reed Judgment Creditors rejected the Debtor’s offer. As a direct and proximate result, on June 16, 2023, Alecto filed a voluntary petition for bankruptcy pursuant to Title 11, Subchapter V of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware, No. 23-10787 (JKS) (the “Bankruptcy Case”).

3. Alecto filed its plan of reorganization on September 14, 2023, which was subsequently modified on December 19, 2023 (as subsequently amended, modified or supplemented, the “Plan”).

4. On November 2, 2023, the Reed Judgment Creditors moved to redesignate the Bankruptcy Case from Subchapter V of the Bankruptcy Code to Chapter 11 (the “Designation Motion”). After briefing and an evidentiary hearing, the Court denied the Reed Judgment Creditors objection and issued an order on December 4, 2023, denying the Designation Motion (the “Designation Order”). The Reed Judgment Creditors filed a notice of appeal with the United States District Court for the District of Delaware (the “District Court of Delaware”) appealing the bankruptcy court’s ruling denying the Designation Objection (the “Designation Appeal”). The Designation Appeal is pending before the District Court of Delaware.

5. As more fully set forth therein, the Plan provides for, among other things, all of the Debtor’s disposable income for the three years after the effective date of the Plan shall to be available for distribution to creditors. The distributions will be made first to pay allowed priority claims in full, and once priority claims are paid in full, to general unsecured creditors on a pro rata basis. Such distributions will be made in semi-annual payments, starting in or about September 2024. As more fully set forth in the Plan, approximately \$2,079,010 will be available for distribution to creditors, including to holders on account of allowed but unpaid administrative expenses, which the Debtor estimates to be over \$1 million.

6. While the Plan provides for all of the Debtor’s disposable income, the amount of disposable income may vary depending upon, among other things, the continuation of the Debtor’s contract with St. Rose’s Hospital, the amount of administrative expenses, certain contingent post-confirmation expenses, which include legal fees and expenses, and the total amount of Allowed

Claims, as that term is defined in the Plan. Based upon its projections of income and the aggregate amount of Allowed Claims (approximately \$43,827,128.91), after payment of allowed and outstanding administrative expenses and other priority claims (which, again, are currently estimated at more than \$1 million), and subject to the other variables as set forth hereinabove and in the Plan, the Debtor estimates that holders of allowed general unsecured claims will receive approximately 2.5% on account of their claims.

7. On February 22, 2024, the Reed Judgment Creditors filed an objection to confirmation of the Plan.

8. On March 4, 5, and 13, 2024, the Bankruptcy Court conducted an evidentiary hearing (the “Confirmation Hearing”) on confirmation of Alecto’s Plan. In preparation for the Confirmation Hearing the court reviewed and considered, among other things, the Plan, including exhibits, and the objection and supplemental objection filed by the Reed Judgment Creditors. Ultimately, on March 20, 2024, the Bankruptcy Court issued a letter ruling which confirmed the Plan, overruling the Reed Judgment Creditors objection. A copy of the Court’s Order is attached hereto as **Exhibit A**. On April 4, 2024, the Court entered Findings of Fact and Conclusions of Law Confirming the Small Business Debtor Plan of Reorganization (the “Confirmation Order”). A copy of the Confirmation Order without the attachments, is attached hereto as **Exhibit B**.

9. On April 18, 2024, the Reed Judgment Creditors filed a notice of appeal with the District Court of Delaware appealing the Confirmation Order (the “Confirmation Appeal”). The Confirmation Appeal is pending before the District Court of Delaware.

10. On April 19, 2024, the Plan went effective.

Dated: May 22, 2024

/s/ Mitchell J. Rhein

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Defendants.

CERTIFICATE OF SERVICE

I certify that on May 22, 2024 I electronically filed Defendants' Status Report with the Clerk of the Court using the CM/ECF system, which will send electronic notice to all counsel of record as follows:

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